

CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM
305 W. PINE STREET
TUESDAY, FEBRUARY 23, 1999

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 23, 1999 commencing at 7:00 a.m.

ROLL CALL

Present: Council Members – Hitchcock, Nakanishi and Land (Mayor)

Absent: Council Members – Mann and Pennino

Also Present: City Manager Flynn, Deputy City Manager Keeter, Community Development Director Bartlam, City Attorney Hays and City Clerk Reimche

Also present in the audience was a representative from the Lodi News Sentinel and The Record.

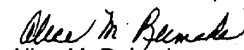
TOPIC(S)

1. School Impact Fees

ADJOURNMENT


No action was taken by the City Council. The meeting was adjourned at approximately 8:30 a.m.

ATTEST:


Alice M. Reimche
City Clerk



**MEMORANDUM, City of Lodi, Community Development
Department**

To: Mayor and Members of the City Council
From: Community Development Director 
Date: February 18, 1999
Subject: Shirtsleeve Item Concerning School Impact Fees

As the City Council is aware, legislation went into effect last year that changed the law regarding School Impact Fees. This legislation was set out by SB50 and tied to Proposition 1A, which was approved by the voters of California. Attached is the summary of the legislation provided by the League of California Cities.

This shirtsleeve item will be presented by Mamie Starr, Assistant Superintendent for Facility Planning at Lodi Unified School District. Mamie has been involved with school facility issues at the District and State level for many years. Because of the status of facilities in Lodi and her background with various statewide facility issues, she brings a wealth of experience to this discussion.

Proposition 1A School Bond/Developer Fees. SB 50 (Greene), Chapter 407, Statutes of 1998. Urgency. Authorizes a \$9.2 billion K-12 and higher education bond passed by the voters on the November 3, 1998 general election. These bond funds will be allocated in the following way:

1) \$6.7 billion for K-12 education facilities: a) \$2.9 billion for new construction related to growth*; b) \$2.1 billion for rehabilitation/modernization of older schools*; c) \$1.0 billion for hardship application; and d) \$700 million for class size reduction related facilities.

*A 50 percent local match is required for new construction funds, and a 20 percent local match is required for modernization funds.

2) \$2.5 billion for higher education facilities, including \$165 million for new campuses.

3) \$160 million for affordable housing programs, of which \$108 million is allocated among three single-family down payment assistance programs, and \$52 million is allocated for rental housing construction incentives.

Developer Fee Issue: There are a number of statutory changes--which were approved by the Legislature as part of the bond package--and will also take effect. Of most significance to local governments, are statutory changes which place statutory caps on school developer fees, and prohibit the ability of a local government to deny a project based on the adequacy of school facilities. These developer-backed provisions were included in the school bond package despite the vigorous opposition of the League and a coalition of other local government groups, environmentalists and school groups.

More specifically, the developer fee provisions:

1) Cap school developer fees at \$1.93 per square foot for residential construction and \$.031 per square foot for commercial construction, with permitted adjustments for inflation. Additional developer fees, up to 50 percent of the state's contribution, may only be imposed if the school district has: a) conducted a needs analysis, as specified; b) is deemed eligible for state funding by the State Allocation Board; and c) meets one of the following conditions now, and two of the following conditions after January 1, 2000: (1) has attempted to pass a local bond within the last four years, that has received at least a majority vote; (2) has 30 percent of its K-6 students enrolled in year-round tracks; (3) has met specified local bonding thresholds; and (4) has 20 percent of teaching stations in relocatable classrooms.

2) If the state runs out of school bond funds, developer fees may be levied to an amount equal to 100 percent of a state formula for determining school construction costs. A school district may agree to reimburse a developer for up to fifty percent of the fees paid from future state bond funds.

3) Existing projects in the pipeline are also affected. After January 1, 2000, any existing condition related to schools--that is not part of a development agreement--sunsets, thereby allowing school fees to be recalculated in accordance with the fee caps imposed by the bill.

4) Local governments are prohibited from denying a development project where a developer has paid fees in compliance with the limits established above. This suspension of local authority is effective until the year 2006. If an additional school bond is placed on the ballot in the year 2006, and is approved by the voters, the prohibition against the local ability to deny continues indefinitely. If a school bond fails in the year 2006, local governments may deny projects based on the adequacy of school facilities, but may not impose any fees other than those authorized above. The bill clarifies that public agencies are not limited or prohibited from reserving or designating real property for a school site or to mitigate the impacts of a land use approval involving, but not limited to, the planning, use, or development of real property other than the need for school facilities.



1305 E. Vine Street
Lodi, CA 95240-3148

ACTION

TO: MEMBERS OF THE BOARD EDUCATION

SUBJECT: BOARD MEETING OF November 17, 1998

A. AGENDA ITEM

Approval of Fiscal Year 1997-1998 Development Fee Expenditure Report

B. STATEMENT OF ISSUE/PURPOSE

Effective January 1, 1997, AB 3081 and SB 1693 amended the Government Code to add additional requirements regarding development fees which are assessed on new development to mitigate the impact of that development on school facilities. These requirements, and the status of compliance in Lodi Unified, were reviewed in the Board Action of August 19, 1998 (*Approval of Fiscal Year 1996-1997 Development Fee Expenditure Report*). How the District complies with a number of the SB 1693 items will once again be modified in 1998-1999 as a result of SB 50, primarily in the area of the five-year plan for expenditure of fee revenue. This will be addressed with other SB 50 development fee issues in the future.

Attachment A is the year-end findings report required in Government Code Section 66006(b)(1) for the 1997-1998 fiscal year.

C. RECOMMENDATION

It is recommended that the Board of Education approve the fiscal Year 1997-1998 Development Fee Expenditure Report.

Initiator: _____ Supervisor: My Stan
Approved for Agenda: [Signature] Agenda Item No. VI.D

Attachment A

REPORT AND FINDINGS ON THE COLLECTION AND
EXPENDITURE OF DEVELOPMENT FEES
FISCAL YEAR 1997-1998

[Government Code Section 66006(b)(1)]

Prepared by
Lodi Unified School District Facility Planning Department

PURPOSE OF THE REPORT

This report has been prepared in compliance with the requirements of Government Code Section 66006 (b) (1). The purpose of the report is to provide the Board of Education, and subsequently the general public, specific information pertaining to the accounting and expenditure of development fees. This is the District's second report of this type.

CATEGORIES OF FEES IN LODI UNIFIED IN FISCAL YEAR 1997-1998

Lodi Unified had three categories of mitigation for school facilities. Mitigation is exacted on all new residential, commercial, and industrial development within the District. The District monitors development requests within the District boundaries and sought the application of mitigation on a variety of actions which were taken by the Lodi, Stockton, or County Planning Commissions, the Lodi or Stockton City Councils, the County Board of Supervisors, or the Local Agency Formation Commission (LAFCO).

The development fee structure in all California school districts was significantly modified on November 4, 1998 as a result of provisions in SB 50, which became effective with the passage of Proposition 1A - the state school bond measure. The effect of these changes on Lodi Unified will be reflected in next year's report (Fiscal 1998-1999).

Statutory Fees

These fees were not affected by SB 50. They are collected by the District on all new construction (unless specifically exempted or covered by one of the other categories) prior to issuance of a building permit by the local agency. The rate is set by statute and is inflated based on a cost index every two years. The present rates permitted are \$1.93 per square foot for residential and \$.31 per square foot for industrial and commercial. These fees are deposited in Fund 17 (this number will be changed next year).

These fees are deposited in Fund 77. Although it appears that this fund is exempt from the annual reporting requirements of GC 66006(b)(1) it is included in order to show a complete development fee picture. This fund number will also change next year.

Spanos Park Mello Roos Community Facilities District (CFD)

The third category of mitigation in Lodi Unified is the CFD covering homes in Spanos Park east of I-5. The developers established the CFD under the jurisdiction of the City of Stockton to finance a variety of public improvements, including school facilities. There are three significant aspects of this financing mechanism which should not be forgotten: (1) the amount generated for schools was equal to the amount that would have been generated if the statutory fee were paid on each residential unit at the time of construction (no development fees are collected on residential building permits in this area of Spanos Park); (2) the CFD was an alternative financing mechanism for the statutory fee only, no supplemental amounts are generated; and (3) the \$7 million plus for schools was available in one lump sum, up-front, which enabled the District to immediately qualify for, and receive, an additional \$7 million from the State for the construction of Julia Morgan and John Muir Elementary Schools.

There is no separate reporting for these funds as they are not subject to the new requirements, and have been received and expended for the intended purpose.

SUMMARY OF FEE ACCOUNTING

The following information is provided in compliance with the new provisions of Government Code section 66006 (b) (1) (B) through (H). Paragraph (F) requires that the District identify an approximate date by which the construction of specific projects will commence once it has been determined that sufficient funds have been collected for that project. At this time, Lodi Unified has a number of projects approved in the *Capital Improvement Plan 2000* which will serve students generated by new development; however, there is presently insufficient funds to complete any of those. As permitted by statute, development fees are also used to pay rent on interim space.

Fiscal 1997-1998 Revenue

Reporting Element	Fund 17	Fund 77
Starting Balance 7/1/97 (including interest)	\$2,081,818	\$277,168
Amount Collected 7/1/97 to 6/30/98 (inc. int)	\$1,344,618	\$535,130
Total Fiscal 97-98	\$3,426,436	\$812,298

**Lodi Unified School District
DEVELOPMENT FEES**

Lodi City Council
Shirtsleeve Session
February 23, 1999

**About Development Fees
in Lodi Unified**

- What, Why, and Where
- Where We've Been
- Where We Are
- Where We're Going
- What's Next?

**Development Fees in LUSD
What and Why**

- A fee on new development to pay for school facilities
House = Kid = School
- Not enough classroom space
- Insufficient facility funding - new development needs to help pay way

**Development Fees in LUSD
Where**

- For facilities to serve the students generated by new development (the nexus)
- Pay for a seat in the "system"
- Spend only on creating new space or paying lease payments for space
- Annual public report on revenue and expenditures

**Development Fees in LUSD
Where We've Been**

- 1977 - SB 201 - Bedroom Tax
 - ✓ by ordinance of city or county
 - ✓ levied by city or county on request
 - ✓ renewed annually
 - ✓ city or county collected at permit
 - ✓ temporary facilities only - tide over
 - ✓ still on the books

- SB 201 - the Formative Years
 - ✓ in LUSD \$200/bedroom +
 - ✓ Prop 13 challenge —> abeyance
 - ✓ *Developer Agreements in LUSD*
 - ✓ declared constitutional
- SB 201 - the Productive Years
 - ✓ discretion of the Council or BOS
 - ✓ on all residential permits
 - ✓ paid the rent

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Development Fees in LUSD Where We Are Going

- Working to levy the Level 2 fee
- √need state eligibility (*new link*)
 - projected enrollment = cohort formula
kids + kids from "maps"
 - subtract existing capacity (affected by YRE; YRE grants; and portables)
 - difference = "eligibility" for state grant
- √maybe need "application"

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- √# fee can not exceed amount of state grant - these set by statute (this total is < under old program - it is not 50/50 of project cost)
- √by 1/1/2000 meet one condition; two thereafter:
 - substantial enrollment on MTYRE
 - GO bond in last 4 years w/ 50% yes
 - have specified level of existing debt
 - 20% classrooms are portables

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- √a Needs Analysis
 - kids from new development (5 years)
 - generation rate for same type of housing unit over last 5 years
 - existing capacity from state forms
 - if YRE condition used - must include capacity it provides
 - ID and consider surplus property
 - use all existing capacity first
 - ID and consider other sources \$ first

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- √Needs Analysis and Level 2 fee - approved by Board of Education
 - set public hearing - advertise
 - public review of Analysis no < 30 days
 - Analysis to local planning agencies
 - District respond to written comments
 - if analysis revised along way or at hearing - 30 days starts over
 - Board resolution - fee effective then
 - good for one year - then start over

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- Level 3 - when State is out of money
- √must have Level 2 in place
- √1st time at end of 1999/2000
- √important time - end of 2000/2001
- √reimbursement agreement if state funds come later - district option
- √can not "double dip" the \$'s
- √same area - can be different fees

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- Homebuyer Down Payment Assistance Program and Rental Assistance Program
- √in economically distressed areas
- √for low and moderate income folks
- √get reimbursement for # > Level 1
- √numerous locational and situational criteria
- √funded by the state
- √does not last forever